

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed gains during the week under review tracking bullish cues from international palm oil market. However, timely onset of monsoon over key oilseeds, producing regions limit upside risk in the edible oil prices.

Crude palm oil (Kandla) was the top gainer among the edible oil pack owing to depreciating Indian rupee against USD and firmness in the international palm oil market. Moreover, refined soybean oil (Indore based) was the second gainer in the list. CPO Kandla 5% quoted 1.09 percent higher to Rs 504.43 per 10 Kg on weekly average basis.

On the currency front, Indian rupee against USD closed at 59.29, down 3.10 percent as compared to the previous week. We expect edible oil complex to trade sideways to slightly firm tone in the coming days owing to persistent weakness in the Indian rupee and supportive palm oil market. However, adequate imported edible oil stocks may limit excessive gains

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 47.00 cents/lb to 49.00 cents/lb. CPO at BMD (June) is likely to trade in the range of 2360-2520 ringgits per tons. Focus during the coming days will be on the US weather over key soybean growing region, Chinese soybean demand, US soybean-planting progress, and Malaysian palm oil exports.

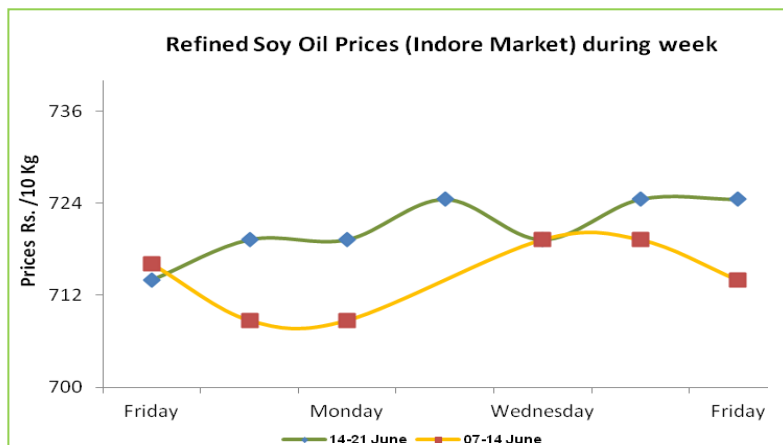
Higher soybean production in South American countries and in expectation of record US soybean production in the current season; support the global soybean supplies. However, good demand from China may limit downside risk in the soy oil prices in the days ahead. Weather over key soybean producing regions of US may determine soybean yields in US and may give fresh directional moves to the market.

Better buying from Asian buyers, easing palm oil inventories in Malaysia and expectation of stock build up from top palm oil buyers in the coming weeks are the price supportive factors, which may buoy palm oil prices in the near term. However, palm oil production is likely to pick up in June and July onwards, support the palm oil supply scenario and may cushion excessive gains in the medium term.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone owing to normal demand and supportive international palm oil market.
- As per the latest report of Ministry of Agriculture, sown area for Kharif Soybean stood at 1.32 lakh hectares as on 20 June 2013 up 725 % compared to corresponding period last year, which was 0.16 lakh hectares.
- As per trade sources, about 20 percent sowing has been done in the state of Madhya Pradesh. In addition, slight sowing activities are reported in growing regions of Rajasthan and Maharashtra. Weather conditions are favorable and soybean sowing is likely to pick up pace in the coming days.
- Veg. oil imports in the 2012-13 oil year (November-October) is expected to 10.7-10.8 million tons, against 10.2 million tons previous year, due to increase in consumption, rise in population and income level. The total consumption of vegetable oil in the country is about 17.5 million tons - SEA of India.
- At the import front, Indian buyers imported 892,006 tons of edible oils in May 2013, consisting of 382,034 tons of CPO, 373,837 tons of RBD palmolein, 52,392 tons of soy oil degummed and 83,803 tons of other edible oils. The overall import of edible oils during Nov.'12 to May'13 is reported at 60,30,829 tons - SEA of India.
- We expect soy oil may trade with a steady to slightly firm bias in expectation of stock build up from wholesalers ahead of Ramadan. However, normal monsoon forecast and adequate edible oils supplies may limit upside.



International Fundamentals:-

- As per the latest USDA crop progress report, the US soybean crop has been planted in 85 per cent of the soybean growing areas as of 16 Jun 2013, advancing from 71 per cent last week, but lower than 98 per cent completion witnessed in the same period last year. The planting pace is slower as compared to the 5-year average of 91 per cent. The emergence is reported at 66 per cent, well behind 5-year average of 80 per cent and 94 per cent last year. About 32 per cent of the planted crop is rated as fair and 56 per cent as good to excellent condition.
- Argentina's Agriculture Ministry in its monthly crop report has trimmed its forecast of the 2012-13 soybean crop to 50.2 million tons from 50.6 million tons.
- Higher soybean production in South American countries and in expectation of record US soybean production in the current season; support the global soybean supplies. However, good demand from China may limit downside risk in the soy oil prices in the days ahead. Weather over key soybean producing regions of US may determine soybean yields in US and may give fresh directional moves to the market.

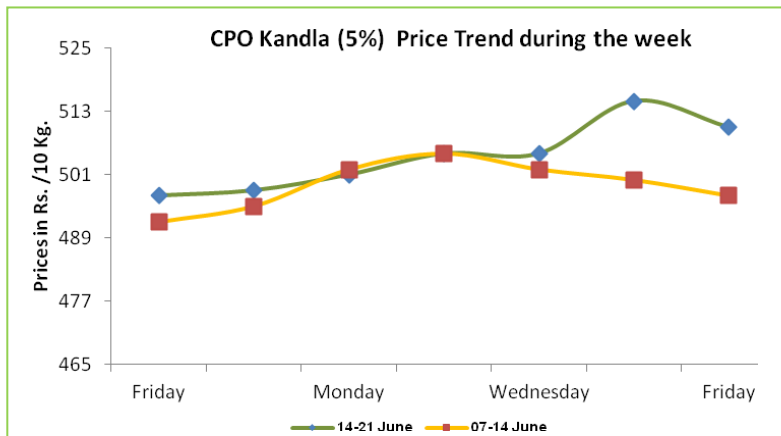
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 705-722 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured firm tone on bullish cues from international palm oil market and persistent weakness in the Indian rupee.
- At the tender front, MMTC float a tender to import 21,000 tons of RBD palmolein and 4,000 tons of CPO. Shipment for 5,000 tons of palm olein was sought immediately or by July 5 and the rest of the oils by July 15. The tender deadline is June 25.
- Positive Malaysian palm oil and its products exports, easing palm Malaysian palm oil stocks, and weak Indian rupee against US dollar is likely to support the market sentiments in the days ahead.
- At import front, Indian buyers imported 37.3 lakh tons of crude palm oil in the current oil year until May, which is 23.9 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were higher by 14.8 percent to 12.4 lakh tons until May as compared to the same period of a last year.
- We expect domestic palm oil prices may trade range bound to firm tone in expectation of stock build up by wholesalers ahead of Muslim festivities.



International Fundamentals:-

- Positive palm oil products exports reported from Malaysia for the first twenty days of June. Cargo surveyor Societe Generale de Surveillance report depicts a 13.6 percent gains in the exports of Malaysian palm oil products for 1-20 June to 9.16 lakh tons compared to the same period of last month.

Breakdown of SGS palm export figures for 1-20 June compared to a month ago (in tons):

Palm Products	1-20 June	1-20 May	% Change
Crude palm oil	171,868	161,350	6.52
RBD palm oil	93,970	57,635	63.04
RBD palm olein	375,475	370,096	1.45
RBD palm stearin	92,677	75,953	22.02
Crude palm kernel oil	23,000	5,000	360.00
Oleochemicals	47,395	47,050	0.73

Top Palm Products Importers	1-20 June	1-20 May	% Change
European Union	174,635	161,442	8.17
China	152,928	155,545	-1.68
Pakistan	139,650	34,500	304.78
United States	88,195	83,140	6.08
India	86,730	105,800	-18.02

- Malaysia will set its crude palm oil export tax for July at 4.5 percent, unchanged since March. Moreover, Southeast Asian country calculated a reference price of 2,382.32 ringgit per tons for crude palm oil for July.
- Indonesia's crude palm oil and its derivatives exports in rose 22 percent to 1.82 million tons compared with the previous month. Exports of crude palm oil and its derivatives to India totaled 590,520 tons and 187,720 tons to China in May - IPOA.
- Better buying from Asian buyers, easing palm oil inventories in Malaysia and expectation of stock build up from top palm oil buyers in the coming weeks are the price supportive factors, which may buoy palm oil prices in the near term. However, palm oil production is likely to pick up in June and July onwards, support the palm oil supply scenario and may cushion excessive gains in the medium term.

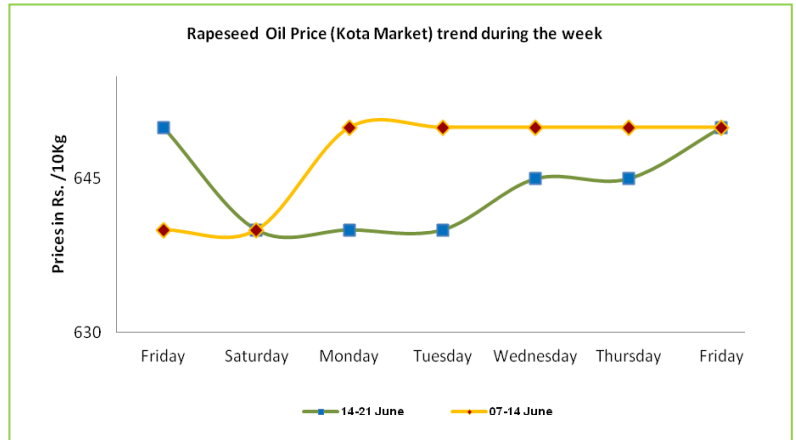
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 494-512 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Mustard oil featured range bound during the week at Kota market due to of need-based demand.
- As per the third advance estimates of production released by Ministry of agriculture, the oilseed production for 2012/13 is estimated at 30.7 million tonnes, up 1.23 million tons, mustard seed is estimated at 7.4 million tons. As per Agriwatch estimates, mustard oil output seen at 29.2 lakh tons, up 22 percent from the previous oil year.
- Need based demand from wholesalers and depreciating Indian rupee against US dollar support the market sentiments. However, higher ready to use, palm oil imports, and normal rains limit gains.
- We expect RM seed oil prices may trade range bound to firm tone in anticipation of improved buying and restricted RM seed selling due to lower prices. However, adequate mustard supplies would negate the excessive gains.



International Fundamentals:-

- Oil World forecasts global rapeseed production to 641 lakh tons, up 16 lakh tons in 2013/14 from previous estimates. Value in parenthesis are previous rapeseed production estimates wherein Canada is estimated at 145 (139) lakh tons, India at 70 (72) lakh tons, and EU-27 at 202 (192) lakh tons.

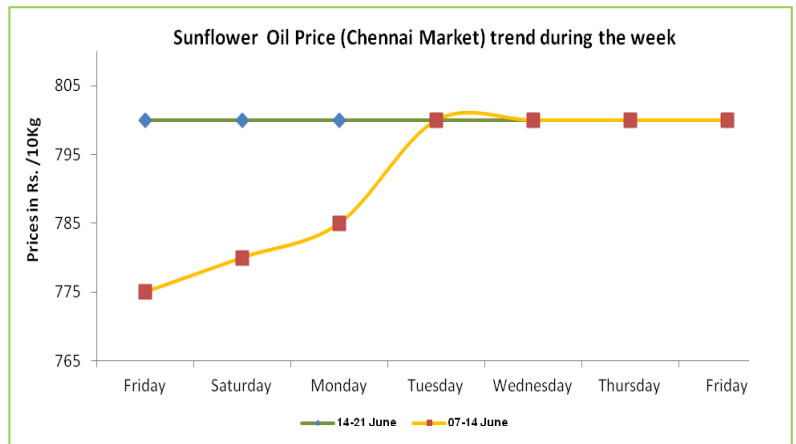
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 635-668 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured firm tone at its benchmark market Chennai during the week due to weak Indian rupee against USD. However, demand was normal.
- As per the latest report of Ministry of Agriculture, sown area for Kharif Sunflower seed stood at 0.41 lakh hectares as on 20 June 2013 up 86.36 % compared to corresponding period last year, which was 0.22 lakh hectares.
- SEA of India reports that crude sunflower oil imports by India reached 577,923 tons in the current oil year 2012/13 until May and were thus lower than the 732,321 tons imports against same period last year. Moreover, imports were lower on m-o-m basis in May by 23.26 percent to 67,805 tons.
- Normal buying and weak Indian rupee against US dollar are the price supportive factors. We expect sunflower oil prices may trade sideways to firm tone in the coming days in anticipation of stock build up ahead of Muslim festivities.
- We expect sunflower oil prices may trade range bound to firm tone in the near term.



International Fundamentals:-

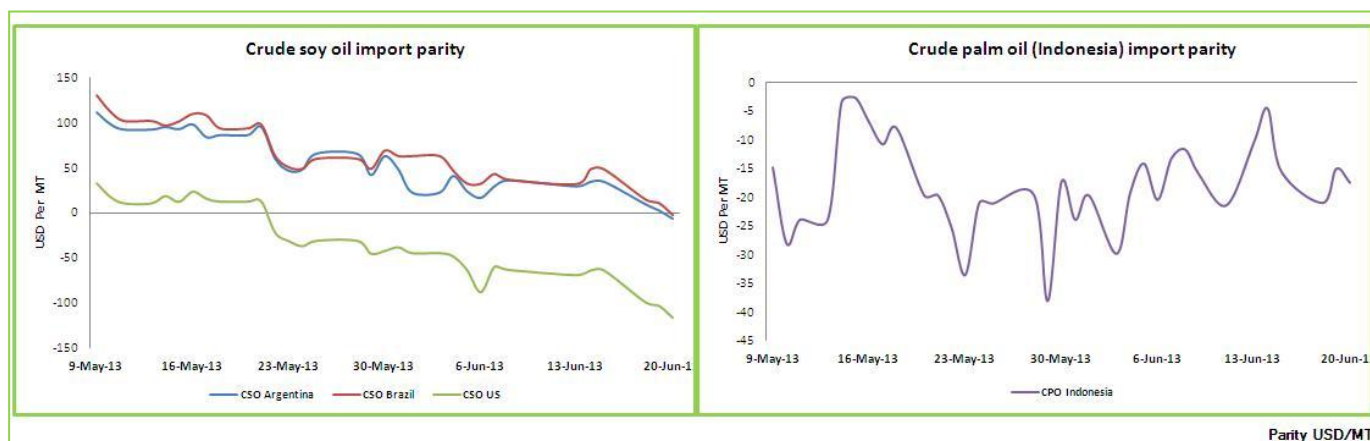
- As per Ukragroconsult, crude sunflower oil production was 1.2 million tons during the first quarter of 2013, down 5.8% from the same period last year. The sunflower oil production in Ukraine for 2012/2013 MY (Sept-Aug 2012/13) may fall to 3.6 million tons from 3.8 million tons last year owing to the lower sunflower seed production.

Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 780-810 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

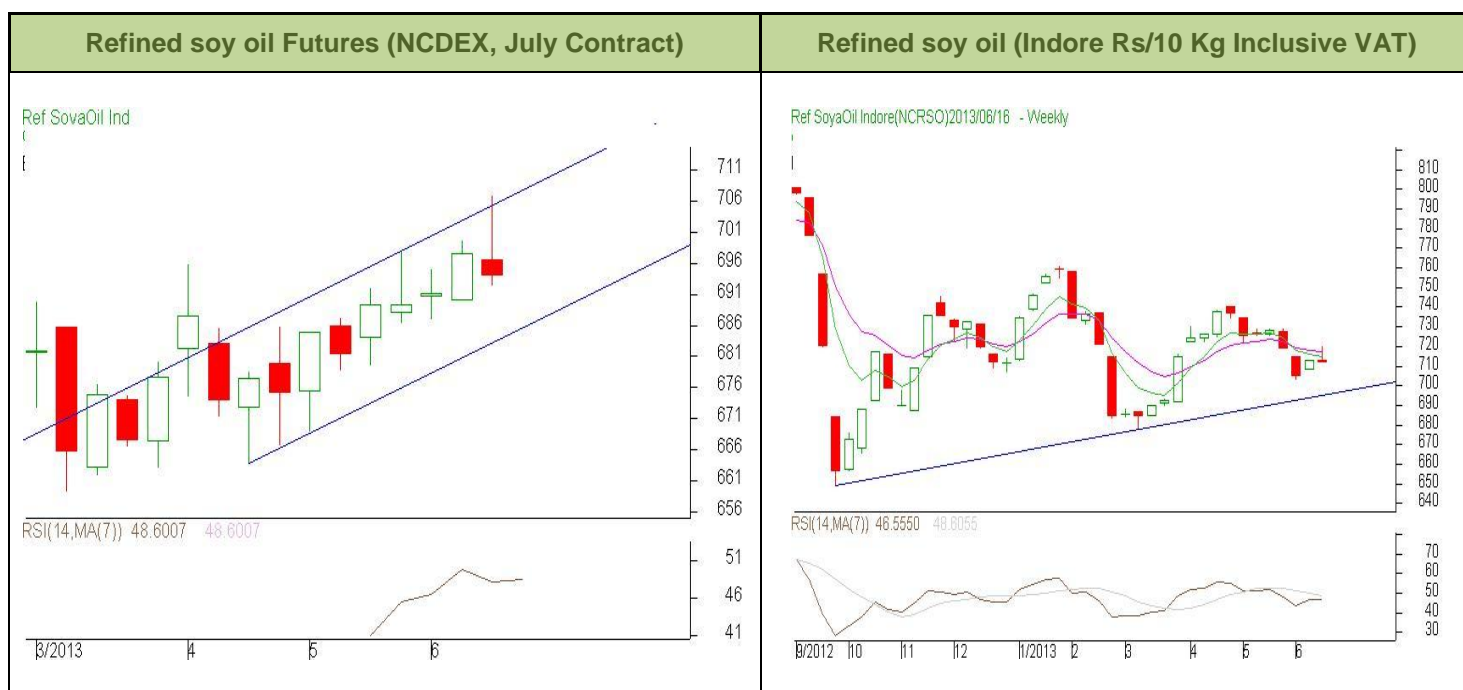
Landed Cost Calculation as on 21/6/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	965	949	1067	790
Freight (USD/MT)	75	65	60	43.0
C & F	1040.0	1014.0	1127.0	833.0
Weight loss (0.25% of FOB)	2.41	2.37	2.67	1.98
Finance charges (0.4% on CNF)	4.16	4.06	4.51	3.33
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	1050	1023	1138	841
CVD	0	0	0	0
Duty USD per ton	26.88	26.88	26.88	21.08
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.5375	0.5375	0.5375	0.4215
Exchange rate	59.35	59.35	59.35	59.35
Landed cost without customs duty in INR per ton	62299	60743	67514	49902
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1075	1075	1075	843
Fixed exchange rate by customs department	59.20	59.20	59.20	59.20
Duty component in INR per ton	1591.00	1591.00	1591.00	1247.64
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	64563	63007	69778	51822
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	64200	64200	64200	51000
Total landed cost USD per ton	1088	1062	1176	873
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1082	1082	1082	859
Parity INR/MT (Domestic - Landed)	-363	1193	-5578	-822
Parity USD/MT (Domestic - Landed)	-6.12	20.10	-93.98	-13.86

Source: Agriwatch/ Reuters


Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory due to lower domestic prices as compared to the international prices. We expect import parity to be in the negative side in the coming week due to higher South American soybean oil prices.

Technical Analysis (Refined soy oil Weekly Charts)



Outlook – Prices are likely to trade with a steady tone in the days ahead. Investors are advised to sell refined soy oil (July contract) at 695-697 levels.

- ❖ Weekly chart of refined soy oil at NCDEX featured range bound movement. However, primary trend depicts firmness in the market.
- ❖ Any close above 700.50 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 697-685 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

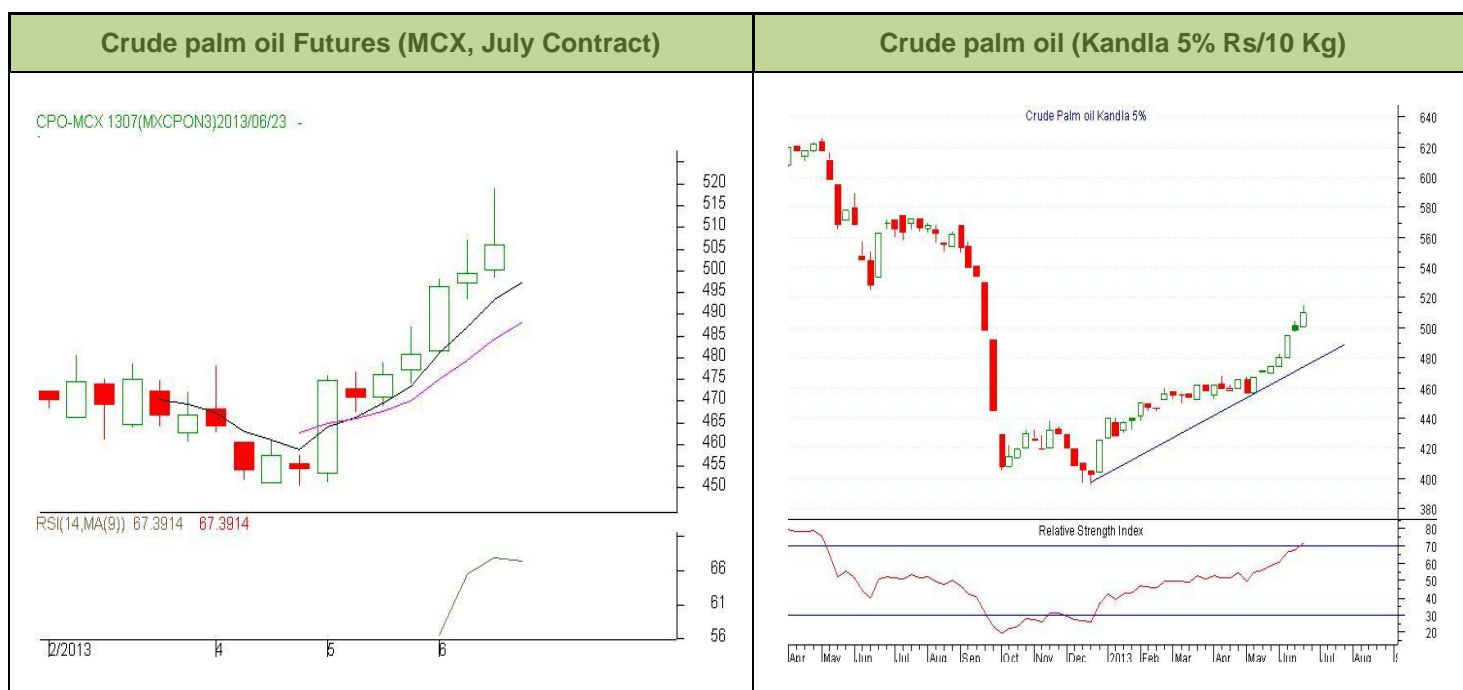
Strategy: Market participants are advised to go short in RSO at 695-697 levels for a target of 687 and 685 with a stop loss at 700.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
672	678	694	707	712

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 700-720 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)



Outlook - Prices may trade with a steady to firm tone in the coming days. Investors are advised to buy MCX CPO July contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts firm movement in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 497 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 501-515 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Market participants are advised to go long in CPO in the range of 501-503 for a target of 512 and 515 with a stop loss at 497 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
490	494	506.10	518	522

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming week. The prices are likely to stay in the range of 500-515 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		6/21/2013	6/14/2013	
Refined Soybean Oil	Kota(Loose)	680	680	Unch
	Rajkot (Loose)	665	660	5
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	725	-	-
	Kakinada	-	-	-
	Mumbai +VAT	690	670	20
	Indore	690	680	10
	Soy Degum Mumbai+VAT	642	635	7
	SoyDegum Kandla/Mundra+VAT	642	635	7
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	726	711	15
	Amrawati (Loose)	726	711	15
	Jalna	721	709	12
	Nagpur	726	711	15
Palm Oil	Chennai.RBD.Palmolein.(Loose)	550	535	15
	Hyd. RBD Palmolein VAT	500	-	-
	Delhi RBD Palmolein (Loose)	585	-	-
	Kandla CPO (5%FFA)	510	497	13
	Kakinada.RBD.Palmolein(Loose)	531	-	-
	Mumbai RBD Pamolein+ VAT	550	535	15
	Kandla RBD Palmolein +VAT	540	535	5
Refined Sunflower Oil	Mumbai + VAT	800	790	10
	Kandla/Mundra	745	735	10
	Erode (Exp. Oil)+VAT	805	785	20
	Hyderabad Exp +VAT	771	761	10
	Chennai (Loose)	800	800	Unch
	Bellary (Exp. Oil)+VAT	651	636	15
	Latur (Exp. Oil)+VAT	751	731	20
	Chellakere (Exp. Oil)+VAT	741	711	30
Groundnut Oil	Rajkot (Loose)	940	1000	-60
	Chennai (Loose)	930	1000	-70
	Delhi (Loose)	930	-	-
	Hyderabad Exp +VAT	946	999	-53
	Mumbai + VAT	980	1030	-50

	Gondal+VAT	950	1025	-75
	Jamnagar +VAT	-	1025	-
	Narsarropeth+VAT	841	961	-120
	Prodattour+VAT	861	941	-80
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	672	670	2
	Alwar (Expeller Oil)(Loose)	651	651	Unch
	Kota (Expeller Oil) (Loose)	650	650	Unch
	Jaipur (Expeller Oil) (Loose)	648	644	4
	Delhi (Exp. Oil) (Loose)	685	-	-
	SriGangaNagar(ExpOil-Loose)	661	651	10
	Hapur+VAT	721	724	-3
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	720	710	10
Refined Cottonseed Oil	Mumbai +VAT	675	667	8
	Rajkot (Loose)	660	655	5
	Delhi (Loose)	645	-	-
	Hyderabad (Loose)	610	-	-
Coconut Oil	Kangayan (Crude)	680	690	-10
	Cochin	690	650	40
	Trissur	685	670	15
Sesame Oil	Delhi		-	-
	Mumbai	1015	960	55
Kardi	Mumbai	1050	1050	Unch
Rice Bran Oil (40%)	Delhi	-	460	-
Rice Bran Oil (4%)	Punjab	480	460	20
Malaysia Palmolein USD/MT	FOB (July Shipment)	805	815	-10
	CNF (July) India	843	840	3
Indonesia/Malaysia CPO USD/MT	FOB (Aug Shipment)	790	800	-10
	CNF (July) India	833	825	8
Argentina FOB (\$/MT)		6/20/2013	6/13/2013	Change
Crude Soybean Oil Ship		962	938	24
Refined Soy Oil (Bulk) Ship		996	971	25
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		942	918	24
Refined Linseed Oil (Bulk) Ship			-	-



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